

Message Text

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ACTION EB-11

INFO OCT-01 EA-11 NEA-14 ISO-00 TVA-01 OPIC-12 FTC-01

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FM AMEMBASSY JAKARTA

TO AMEMBASSY RANGOON

INFO USDOC WASHDC

SECSTATE WASHDC 4408

AMEMBASSY NEW DELHI

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USDOC FOR MEPD

PLEASE PASS TVA

EO 11652: N/A

TAGS: BEXP BM ID

SUBJ: BURMESE CONSIDERATION OF MAJOR FERTILIZER PROJECT

REF: A. RANGOON 2347 B. STATE 194799 C. RANGOON 2550

1. RANGOON PLEASE REPEAT REF A TO JAKARTA.

2. JAKARTA SPONSORED VISIT LAST MARCH BY US DESIGN
CONSTRUCTORS AND OPERATING FIRMS TO INVESTIGATE GOI
FERTILIZER EXPANSION PLANS; THEREFORE IN REPLY REF C
WE ARE POUCHING RANGOON SUBSTANTIAL BODY MATERIALS
WE COLLECTED RE S E ASIA FERTILIZER PLANS AND
ECONOMICS. MOST THESE STUDIES PREPARED BY FORMER
USAID/TVA FERTILIZER ADVISOR PAUL STANGEL DURING
HIS JAKARTA ASSIGNMENT. STANGEL HIGHLY RESPECTED
IN FIELD AND CONTINUES HIS INTEREST IN REGIONAL
FERTILIZER DEVELOPMENTS FORM HIS PRESENT POSITION ON
INTERNATIONAL FERTILIZER DEVELOPMENT STAFF, TENNESSEE
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VALLEY AUTHORITY, MUSCLE SHOALS, ALA 35660. WE

SUGGEST RANGOON SEEK HIS DVICE

3. THIS ADVISE COULD BE PARTICULARLY RELEVANT AT THIS POINT. JUST BEFORE DEPARTING JAKARTA EARLY JULY STANGEL ESTIMATED THAT THEN KNOWN NITROGEN FERTILIZER EXPANSION PLANS WOULD BRING SE ASIA SUPPLY INTO APPROXIMATE BALANCE WITH PROJECTED 1980 REGIONAL DEMAND. SUBSEQUENTLY, ONE OR TWO ADDITIONAL NEW PLANS HAVE BEEN ANNOUNCED IN REGION. THUS BURMESE SHOULD CAREFULLY ASSESS WHETHER CAPACITY THEY PLANNING IN RESPONSE TO CURRENT WORLD NITROGEN DEFICIT MIGHT ACTUALLY COME ON STREAM AT TIME OF FUTURE REGIONAL MARKET GLUT. HOPEFULLY, THEY REALIZE THIS HISTORICALLY FEAST OR FAMINE INDUSTRY.

4. POUCHED MATERIAL DESCRIBES INDONESIAN FERTILIZER DEVELOPMENTS THROUGH MARCH US TEAM VISIT HERE. SINCE THAT TIME KELLOGG HAS WON CONTRACT CONSTRUCT IBRD FUNDED AMMONIA/UREA COMPLEX (1000TPD AMMONIA) AT PALEMBANG, S SUMATRA FOR GOIAOWNED PUSRI FERTILIZER COMPANY; EUROPEAN CONSORTIUM CONTINUES BUILD AMMONIA/UREA COMPLEX (1500 TPD AMMONIA) FOR PERTAMINA (GOI PETROLUM COMPANY) TO BE LOCATED E KALIMANTAN; AND PLANNING CONTINUES FOR JAPANESE AID FINANCED W JAVA AMMONIA/UREA COMPLEX ALSO TO BE OWNED BY PERTAMINA. PROPOSED ACEH AND SECOND E KALIMANTAN AMMONIA/UREA COMPLEXES NOW APPEAR SHIFTED TO BACK BURNER FOR POSSIBLE LATER DEVELOPMENT.

5. GOI CLEARLY ADHERING TO PROFESSED INTENTION TREAT AMMONIA AS BASIC "UPSTREAM" CHEMICAL WHICH GOI INTENDS OWN 100 PCT. HOWEVER, GOI HAS DISCUSSED POSSIBLE PHILIPPINE JOINT VENTURE INVOLVEMENT IN "DOWNSTREAM" UREA PRODUCTION AND/OR POSSIBLE EXCHANGE PHILIPPINE PHOSPHATES FOR INDONESIAN UREA; THESE DISCUSSIONS HOWEVER MAY BE MORE INDICATIVE OF SPECIAL ASEAN RELATIONSHIP THAN OF GENERAL POLICY. ON OTHER HAND, GOI WILL NOT HESITATE BUY ALL FOREIGN ENGINEERING, CONSTRUCTION SERVICES AND LIMITED OFFICIAL USE

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EQUIPMENT NEEDED BUILD PLANTS.

6. THOMAS OF CFI WAS PARTICIPANT FERTILIZER TEAM VISIT TO JAKARTA. AMONG OPERATING FIRM PARTICIPANTS, HOWEVER, HE SEEMED FIND LEAST FERTILE GROUND HERE. HE OFFERED CFI AID TO COOPERATIVES DEVELOPMENT. WHEN GOI DEMONSTRATED MARGINAL INTEREST THIS APPROACH THOMAS SHIFTED

TO HIS ROLE AS CF INDUSTRIES REPUTATION IS THAT OF
HARD NOSED BUSINESS ORGANIZATION INTERESTED SOLELY
IN SHORT-RUN PROFITS AND IN SECURING RAW
MATERIALS.

7. RE YOUR SUGGESTED NEED REF C FOR CONSULTANT,
AND LEADING DESIGN CONSTRUCTOR WOULD PROBABLY BE
INTERESTED IN PERFORMING THIS ROLE. KELLOGG,
CHEMICO, AND BECHTEL HAVE CLEARLY DEMONSTRATED
AMMONIA/UREA CAPABILITY, WHILE FLUOR AND PRITCHARD
PERHAPS ALSO QUALIFIED FO JOB. HOWEVER, IF GUB
SEEKING HIGHLY REGARDED OUTSIDER WITH NO SALES INTEREST
BEYOND CONSULTING CONTRACT, JOHN VANDERVALK IS OLDTIMER
WHO MADE MAJOR CONTRIBUTIONS TO DEVELOPMENT FERTILIZER
PLANRS IN INDONESIA KOREA AND OTHER
DEVELOPING COUNTRIES, OFTEN AS USAID FUNDED CONSULTANT.
WE NOT SURE HIS PRESENT ADDRESS, BUT YOU CAN
TRY EITHER USAID WASHINGTON OR HIS NEW JOINT
VENTURE PARTNER VAN HOUTEN ASSOC, 420 LEXING-
TON AVE, NEW YORK CITY 10017.
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